Green Building Finance and Investments: Practice, Policy and Research
Tony Cope – Head of Office
The GPT Group
23 March 2011
The GPT Group
World Class Sustainability Performance

- Active Owner, Developer and Manager of Australian Real Estate
- $9.5 billion portfolio of high quality Australian Retail, Office and Industrial/Business Park assets
- Top 50 Australian stock by market capitalisation
- A+ GRI ranking
- Global leadership in sustainability: Current DJSI leaders (2\textsuperscript{nd} consecutive year)
The GPT Group
No 1 Maastricht University Global RE Survey

- The Australian property companies are the clear environmental leaders of the globe
- This is particularly the case for the top performer, the GPT Group, which has the impressive total score of 86
- To a great extent the Australian top-5 outperform their European peers and the full top-10 of American peers
- It is clear that property companies from all over the world can learn from the Australian best practices in environmental management
GPT’s purpose:
We create and sustain environments that enrich people’s lives
Australia – a land of drought, floods and fires

ABC News

Inland sea floods outback Qld towns

Rain turns west Queensland into inland sea

Fires and floods hammer Australia

More extreme weather on v

ABC News

Rain turns west Queensland into inland sea

Parts of far western Queensland have turned into an inland sea with floodwaters spreading 20 kilometres wide.

Record rain fell on the Channel Country over the weekend, causing major flooding around Bedourie, Windorah and moderate flooding at Birdsville - flood warnings are current for the Diamantina River as well as Georgina and Eye Creek.

In Bedourie a record 319mm fell on Sunday, beating the average annual rainfall in just 24 hours.

The floodwaters are slowly moving through Eye Creek, after peaking at Bedourie at 5.68 metres overnight, the highest level in 40 years.
Australia - widespread community awareness
Australia
Good Practice, Benchmarking & Incentives

- **1996** Greenhouse Challenge program
- **1996** National GreenPower scheme launched
- **1998** NSW Australian Building Greenhouse Rating (ABGR) launched
- **2002** National Australian Built Environment Rating Scheme (NABERS)
- **2002** Green Building Council of Australia (GBCA) formed
- **2005** 3CBD’s (later CitySwitch) program launched for office tenants
- **2007** Total Environment Centre Existing Buildings Commitment
- **2009** Green Building Fund - $500k funding contributions
- **2011** Green Building Fund – 50% tax break
Get your building ready for 2010

Commercial buildings create 10% of Australia’s greenhouse gas emissions. New requirements for office buildings to disclose energy ratings when sold or leased are planned to begin during 2010. If you haven’t rated your building yet, NABERS can show you how easy it is. NABERS is the industry standard for benchmarking and measuring the environmental performance of Australian buildings, leading to a Government-accredited star rating. There’s no time to waste.

To find out more, go to nabers.com.au
2006 Edition

- New Premium Grade buildings to achieve 4 Star Green Star and 4.5 Star NABERS Energy
- Existing buildings to be rated

2012 Edition (DRAFT)

- New Premium Grade buildings to achieve 5 Star Green Star and 5 Star NABERS Energy
- Existing Premium buildings to achieve 4 Star NABERS Energy, 2.5 Star NABERS Water, and to be rated for NABERS IEQ and NABERS Waste when adopted by the PCA
- Similar requirements for Grade A and Grade B
Leading the Green Charge………

Benefits

“If you develop a building that is not the highest environmental rating you are developing an obsolete building”

“The greener the building the stickier the tenants”

- Maximises investment returns
- Delivers cost efficiencies
- Greater tenant attraction and retention
- Future-proofs our assets
- It’s the right thing to do!
workplace 6
NSW’s first 6 Star Green Star Design
NSW’s first 6 Star Green Star As Built

Solar collector panels
Chilled beam airconditioning
Tri-generation with absorption chiller
Harbour heat rejection
Blackwater recycling
Operable façade
Natural daylight
T5 lighting

Fully leased to Google and Accenture 18 months before Practical Completion
One One One Eagle Street
Awarded a Six Star Green Star Design Rating

Six Star Green Star = World’s Best Practice
Greening Existing Icons: 530 Collins Street, Melbourne
Office Scope 1 & 2 GHG Emissions (kgCO2-e/m²)

- 2005: 134
- 2006: 138
- 2007: 112
- 2008: 93
- 2009: 80
- 2010: 70
- 2012: 65

41% EMISSIONS INTENSITY REDUCTIONS SINCE 2005

Office Total Energy Consumption Intensity (MJ/m²)

- 2005: 568
- 2006: 584
- 2007: 580
- 2008: 486
- 2009: 431
- 2010: 406
- 2012: 373

24% ENERGY INTENSITY REDUCTIONS SINCE 2005
45% WATER INTENSITY REDUCTIONS SINCE 2005

Office Water Intensity (kL/m²)

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<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2012</th>
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<tr>
<td>Value</td>
<td>1.39</td>
<td>1.31</td>
<td>1.04</td>
<td>0.86</td>
<td>0.76</td>
<td>0.75</td>
<td>0.72</td>
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Office - Recycling Rate (%)

<table>
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<tr>
<th>Year</th>
<th>2005</th>
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<th>2010</th>
<th>2012</th>
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<tr>
<td>Value</td>
<td>47%</td>
<td>55%</td>
<td>63%</td>
<td>68%</td>
<td>70%</td>
<td>70%</td>
<td>71%</td>
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</table>

70% RECYCLING RATE
Rouse Hill Town Centre
Tenant engagement: Rocky Point Sugar Mill and GreenPower generator
Portfolio Average NABERS Energy Ratings

Figure 4 shows calculated average NABERS Energy ratings for each REIT’s office portfolio, weighted by Net Lettable Area. The average includes both certified buildings and buildings for which we made estimates.

[Buildings with no certified or estimated rating are excluded from the average.]

Figure 4. Weighted Average NABERS Energy Ratings (Certified and Estimates)

Source: NABERS, Company Data, Citi Investment Research and Analysis
Others are starting to realise
Green adds Value

Do Green Buildings Make Dollars & Sense? Study 2.0

View the Podcast | Download Slides
*Podcasts are available on CBRE.com, through iTunes by searching CBRE Global In-Sights in podcasts or by downloading the iTunes CBRE App.

In conjunction with the University of San Diego and McGraw-Hill Construction, CB Richard Ellis has released the results of its second annual study on the benefits of green office space in a significant portfolio of CBRE-managed office buildings. This year’s study takes a closer look at attitudes and behavior from the occupants’ perspective, and features an unprecedented reveal on what green buildings mean to investors, owners and managers, especially in relation to LEED certification. Raymond Torto, CBRE’s Global Chief Economist, facilitates a discussion.
Others are starting to realise Green adds Value

- The return spread between rated and non-rated buildings with a Green Star rating is circa 400bps.
- Rated office buildings have lower cap rates – an average of 40bps.
Others are now starting to realise
Green adds Value

VALUING GREEN OFFICE BUILDINGS

-- IS IT ALL IN THE CAP RATE!!

EVENT DETAILS

Date: Friday 15 April 2011
Time: 9.00am - 4.00pm

New legislation is compelling valuers to take sustainable building features into account in valuations. In the past, valuers have said that the consideration of sustainable features was in the capitalisation rate but this will no longer be the case. How do valuers consider and incorporate the impacts from the new requirements in their capital valuations and rent determinations?
Australia and The GPT Group
Leaders in Sustainability

- Droughts, Floods and Fires – Scarce Resources
- Many Years of Australian Good Practice Codes
- Strong Competition between Australian Owners
- Financial Incentives – Cash and Tax
- Mandatory Disclosure since November 2010
- Property Council Guide embedding Green
- Growing Recognition that Green Pays
- GPT’s Embedded Sustainability
Questions?